

T GRO
E GRO

Rt Hon Jacqui Smith MP
House of Commons
LONDON
SW1A 0AA

Your Ref: 01090013
Our Ref: ECT 377/09

23 December 2009

Dear Ms Smith

Thank you for your letter of 1 December in relation to one of your constituents, Mr Julian Wilson and your concerns around the Horizon computer system. May I first apologise for the delay in reply.

Horizon is a computerised accounting system which operates in around 12,000 Post Office® branches. At peak times it is processing up to twenty million transactions per day, 750 transactions per second.

Over the years the system has been tested both in and out of criminal and civil court and has not been found wanting. Whilst I recognise that some subpostmasters have found this difficult to accept, there is no evidence to doubt the integrity of the Horizon system and we retain absolute confidence in its' robustness and reliability.

Our ongoing monitoring and control processes mean that any issues in a 'live' operation are quickly identified and resolved, and ensure that should part of the system or equipment fail, the integrity of the accounting records is maintained.

The Horizon system provides a transaction log which sets out details such as date and time, the name, volume and value of transactions. If an error takes place these transaction logs and other system reports can be used to pinpoint and correct this. However, the Horizon system and the processes around it are dependent on the staff in branch entering items accurately into the system.

Moving forward, as with any business we constantly look to how we can operate more cost effectively but at the same time update and improve our systems and processes.

We are currently/....

Page 2 of 2

We are currently in the process of implementing a new version of Horizon with the main aim of significantly reducing running costs that has been achieved by the negotiation of a new contract. The new system called Horizon Online™ has been designed with extensive input from subpostmasters to ensure it is also easier to use. The preparation for the roll out of new counter software is at an advanced stage and completion is expected to be by the end of April.

The relationship between Post Office Limited and the thousands of independent business people who operate a Post Office® service is of paramount importance to us and I fully agree that it is vital that our subpostmasters and mistresses are provided the highest level of support. I believe that the systems we have in place deliver this and remain fully satisfied that the system and processes around Horizon offer a very high level of security and resilience.

I trust the above information has allayed your concerns but should you have any further questions, then please do let me know.

Yours sincerely

Alan Cook
Managing Director

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POL00165911

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POL-0161355

Richard M Stephenson
23/12/2009 09:44

To: Michele Graves/e/POSTOFFICE@POSTOFFICE
cc: Ruth H Barker/e/POSTOFFICE@POSTOFFICE
Subject: Re: Horizon integrity challenge - Flag Case - Rt Hon Jaquie Smith -
Fw: Peak Transactions per Second Oct 2008 - May 2009

Sounds good to me.
Thanks, Richard
Michele Graves

Michele Graves
23/12/2009 09:40

To: Richard M Stephenson/e/POSTOFFICE@POSTOFFICE
cc: Ruth H Barker/e/POSTOFFICE@POSTOFFICE
Subject: Re: Horizon integrity challenge - Flag Case - Rt Hon Jaquie Smith -
Fw: Peak Transactions per Second Oct 2008 - May 2009

Good morning

Just for your info, below is the peak time data, which is based on December 2008 figures. Taking the max of both, I have amended the para as follows:

Horizon is a computerised accounting system which operates in around 12,000 Post Office[®] branches. At peak times it is processing up to twenty million transactions per day, 750 transactions per second.

If you are in anyway uncomfortable with this, please let me know by return as I will be passing the draft to Alan this am.

Kindest regards

Michele Graves
Executive Correspondence Manager
Executive Correspondence Team
Post Office Limited



✉ 1st Floor, Bunhill Row Wing, 148 Old Street, LONDON,
EC1V 9HQ
☎ phone number **GRO** Postline: **GRO**
☞ mobile number
✉ **michele.graves** GRO
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— Forwarded by Michele Graves/e/POSTOFFICE on 23/12/2009 09:36 —

Duty Manager
Sent by: Emma Langfield
22/12/2009 16:26

To: Michele Graves/e/POSTOFFICE@POSTOFFICE
cc:
Subject: Re: for emma Re: Horizon integrity challenge - Flag Case - Rt Hon Jaquie Smith - Fw: Peak Transactions per Second Oct 2008 - May 2009

Duty Manager
Sent by: Emma Langfield
22/12/2009 16:26

To: Michele Graves/e/POSTOFFICE@POSTOFFICE
cc:
Subject: Re: for emma Re: Horizon integrity challenge - Flag Case - Rt Hon
Jaquie Smith - Fw: Peak Transactions per Second Oct 2008 - May
2009

Hi Michele

My contact in Fujitsu has run last Decembers total transaction volumes for us.

Date	All Transactions
01/12/2008	17,860,493
02/12/2008	14,007,772
03/12/2008	12,615,518
04/12/2008	12,397,118
05/12/2008	13,125,746
06/12/2008	6,906,517
07/12/2008	152,362
08/12/2008	20,026,832
09/12/2008	16,723,214
10/12/2008	14,468,222
11/12/2008	14,215,766
12/12/2008	13,502,208
13/12/2008	7,136,266
14/12/2008	170,128
15/12/2008	21,083,672
16/12/2008	16,577,121
17/12/2008	13,767,684
18/12/2008	13,004,567
19/12/2008	11,558,973
20/12/2008	6,087,189
21/12/2008	122,870
22/12/2008	13,837,935
23/12/2008	9,819,968
24/12/2008	4,028,034
25/12/2008	53,327
26/12/2008	66,207
27/12/2008	3,143,933
28/12/2008	89,514
29/12/2008	11,708,658
30/12/2008	9,375,656
31/12/2008	7,182,058

These are well within system design limits.

Kind regards
Emma

Live Service Team
Service Delivery
Post Office Ltd

GRO

To: Duty Manager@POSTOFFICE

To: Duty Manager@POSTOFFICE

cc:

Hard Copy To:

Hard Copy cc:

Date: 21/12/2009 13:25

From: Michele Graves

Subject: for emma Re: Horizon integrity challenge - Flag Case - Rt Hon Jaquie Smith - Fw: Peak Transactions per Second Oct 2008 - May 2009

Hi Emma

Many thanks for the info on transactions per second - however as discussed it is felt that it would have particular resonance with the MP if we could say - how many millions of transactions are processed by Horizon each day.

I am so sorry, I know that you are under the cosh but if you are able to find the info by tomorrow that would be great.

Thanks

Michele Graves
Executive Correspondence Manager
Executive Correspondence Team
Post Office Limited



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— Forwarded by Michele Graves/e/POSTOFFICE on 21/12/2009 13:21 —



David X Smith
21/12/2009 08:48

To: Michele Graves/e/POSTOFFICE@POSTOFFICE
cc:
Subject: Fw: Peak Transactions per Second Oct 2008 - May 2009

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POL00165911

POL-0161355

Michele ,
You can see from below you are quite safe quoting 750 tps,
Dave

David Smith
Head of Change & IS
Post Office Ltd

3rd Floor, 148 Old Street, LONDON, EC1V 9HQ

Postline: GRO STD Phone: GRO Mobex: GRO Mobile: GRO
External Email: GRO
--- Forwarded by David X Smith/e/POSTOFFICE on 21/12/2009 08:46 ---



David X Gray
17/12/2009 17:40

To: David X Smith/e/POSTOFFICE@POSTOFFICE
cc:
Subject: Fw: Peak Transactions per Second Oct 2008 - May 2009

David

I asked Emma for the latest figures (July is typically a quiet Month). This is October, and it is all transactions, not just online.

Regards

David Gray
IT Strategy and Architecture Manager
Post Office Ltd

GRO

The Royal Mail Group plc is registered in England and Wales.
Registered number 4138203. Registered Office at 148 Old Street London EC1V 9HQ.
--- Forwarded by David X Gray/e/POSTOFFICE on 17/12/2009 17:39 ---

Emma Langfield
17/12/2009 17:33

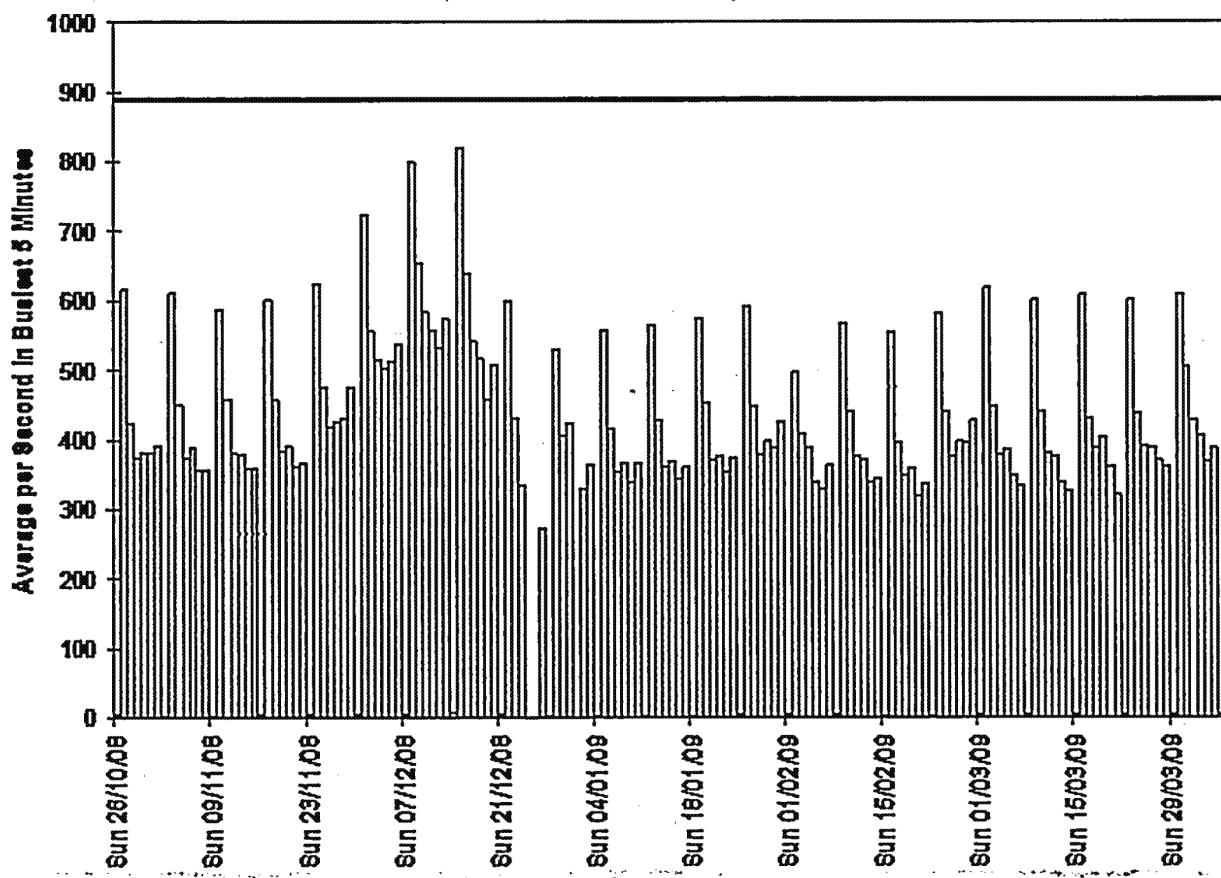
To: Dave Hulbert/e/POSTOFFICE@POSTOFFICE, David X
Smith/e/POSTOFFICE@POSTOFFICE, David X
Gray/e/POSTOFFICE@POSTOFFICE
cc:
Subject: Peak Transactions per Second Oct 2008 - May 2009

Evening Dave

As requested

Please see attached an indication of all transactions peak per second. The data below is from October 2008 to End of May 2009 which is what we have immediately to hand.

Peak 5 Minutes All Transactions



As you can see average peak is between 500 - 600 transactions per second with a significant peak experienced over the December period. However although these peaks are per second, they are averaged out over a rolling 5 minute period and report the busiest. As December is the busiest period please see below peak second values for that month.

01/12/08	723.0067
02/12/08	556.46
03/12/08	515.1033
04/12/08	503.4867
05/12/08	511.8933
06/12/08	538.3833
07/12/08	6.136667
08/12/08	799.2767
09/12/08	654.94
10/12/08	583.93
11/12/08	557.3733
12/12/08	532.38
13/12/08	573.4133
14/12/08	7.83
15/12/08	820.0467
16/12/08	639.5433
17/12/08	541.4367
18/12/08	516.72

19/12/08	457.66
20/12/08	508.8467
21/12/08	4.356667
22/12/08	599.6133
23/12/08	430.9567
24/12/08	335.1133
25/12/08	0.52
26/12/08	1.313333
27/12/08	272.1267
28/12/08	2.616667
29/12/08	530.8233
30/12/08	405.98
31/12/08	423.3033

My colleague in Fujitsu can provide this year so far if necessary but it will take some time to run the data. If this is required please let me know and I will make the request.

Kind regards
Emma

Live Service Team
Service Delivery
Post Office Ltd

Postline: GRO
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External Email: GRO

"Keeping effective channels to market open both today and tomorrow"

Richard M Stephenson
22/12/2009 18:15

To: Michele Graves/e/POSTOFFICE@POSTOFFICE
cc: Ruth H Barker/e/POSTOFFICE@POSTOFFICE
Subject: J Smith letter

Michele - final revised letter attached. Please let us know if you have any comments.
Thanks, R


JaquieSmith2212RS.doc

T GRO
E alan.cook GRO

Rt Hon Jacqui Smith MP
House of Commons
LONDON
SW1A 0AA

Your Ref: 01090013
Our Ref: ECT 377/09

17 December 2009

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The Horizon system provides a transaction log which sets out details such as date and time, the name, volume and value of transactions. If an error takes place these transaction logs and other system reports can be used to pinpoint and correct this.

However, the Horizon system and the processes around it are dependent on the staff in branch entering items accurately into the system.

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main aim of significantly reducing running costs that has been achieved by the negotiation of a new contract. The new system called Horizon Online™ has been

Page 2 of 2

designed with extensive input from subpostmasters to ensure it is also easier to use. The preparation for the roll out of new counter software is at an advanced stage and completion is expected to be by the end of April.

The relationship between Post Office Limited and the thousands of independent business people who operate a Post Office[®] service is of paramount importance to us and I fully agree that it is vital that our subpostmasters and mistresses are provided the highest level of support. I believe that the systems we have in place deliver this and remain fully satisfied that the system and processes around Horizon offer a very high level of security and resilience.

I trust the above information has allayed your concerns but should you have any further questions, then please do let me know.

Yours sincerely

Alan Cook
Managing Director

POL00165911
POL00165911

POL-0161355

Ruth H Barker
22/12/2009 16:37

To: Michele Graves/e/POSTOFFICE@POSTOFFICE
cc: Richard M Stephenson/e/POSTOFFICE@POSTOFFICE
Subject: Re: Fw: J Smith Ltr

Just looking at it now - think it does help as it goes someway to address Mr Wilton's allegation. Going to show my ignorance what does EPOS stand for extactly?

Thanks

Ruth

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POL00165911

POL-0161355


Michele Graves
22/12/2009 16:06

To: Ruth H Barker/e/POSTOFFICE@POSTOFFICE
cc: Richard M Stephenson/e/POSTOFFICE@POSTOFFICE
Subject: Re: Fw: J Smith Ltr

Hi Ruth

Re Richard's request below that we put in something to we say we give more detail than the subpostmaster suggests, would this suffice do you think?

The Horizon system and the processes around it are dependant on staff in the branch working accurately and in accordance with operating instructions. The system provides a transaction log which sets out each transaction the date and time it was carried out, the name, volume and value of the transaction. It is possible from transaction logs and other system reports to pinpoint some errors and correct these e.g. cash entered as cheque. Other errors will be identified by back office processes. If the cash received or paid out is incorrect and the correct value of the transaction is entered onto the system then whilst the daily cash declaration will identify that an error has been made neither the system or back office routines will be able to identify which transaction gave rise to the difference. In this respect the Horizon system is no different from any other EPOS system.

Thank you

Michele Graves
Executive Correspondence Manager
Executive Correspondence Team
Post Office Limited



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Richard M Stephenson


Richard M Stephenson
22/12/2009 15:51

To: Michele Graves/e/POSTOFFICE@POSTOFFICE
cc: Ruth H Barker/e/POSTOFFICE@POSTOFFICE
Subject: Fw: J Smith Ltr

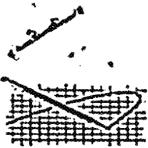
Hi

Amended letter attached. Still need clarification on the number of transactions and also can we say we give more detail than the subpostmaster suggests?

Mary is ok with this. I'm just off to a meeting now but please speak to Ruth if you have any questions.

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Richard M Stephenson
22/12/2009 15:51

To: Michele Graves/e/POSTOFFICE@POSTOFFICE
cc: Ruth H Barker/e/POSTOFFICE@POSTOFFICE
Subject: Fw: J Smith Ltr



J Smith MP211209RS.doc

Hi

Amended letter attached. Still need clarification on the number of transactions and also can we say we give more detail than the subpostmaster suggests?

Mary is ok with this. I'm just off to a meeting now but please speak to Ruth if you have any questions.

Thanks,
R

T GRO
E GRO

Rt Hon Jacqui Smith MP
House of Commons
LONDON
SW1A 0AA

Your Ref: 01090013
Our Ref: ECT 377/09

17 December 2009

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Over the years the system has been tested both in and out of criminal and civil court and has not been found wanting. Whilst I recognise that some subpostmasters have found this difficult to accept, there is no evidence to doubt the integrity of the Horizon system and we retain absolute confidence in its' robustness and reliability.

All new software releases on Horizon are subject to rigorous testing prior to going live in order to ensure the accuracy of the accounting processes. Our ongoing monitoring and control processes mean that any issues in a 'live' operation are quickly identified and resolved, and ensure that should part of the system or equipment fail, the integrity of the accounting records is maintained.

Moving forward, as with any business we constantly look to how we can operate more cost effectively but at the same time update and improve our systems and processes. We are currently in the process of implementing a new version of Horizon with the main aim of significantly reducing running costs. The new system called Horizon Online[™] has been designed with extensive input from subpostmasters to ensure it is also easier to use. The preparation for the roll out of new counter software is at an advanced stage and completion is expected to be by the end of April.

The relationship between Post Office Limited and the thousands of independent business people who operate a Post Office[®] service is of paramount importance to us

Page 2 of 2

and I fully agree that it is vital that our subpostmasters and mistresses are provided the highest level of support. I believe that the systems we have in place deliver this and remain fully satisfied that the system and processes around Horizon offer a very high level of security and resilience.

I trust the above information has allayed your concerns but should you have any further questions, then please do let me know.

Yours sincerely

Alan Cook
Managing Director

Richard M Stephenson
22/12/2009 13:48

To: Michele Graves/e/POSTOFFICE@POSTOFFICE
cc: Ruth H Barker/e/POSTOFFICE@POSTOFFICE
Subject: Re: J Smith letter - redraft for approval

Thanks Michele. I am happy with this and am trying to get Mary's sign off. I would prefer the xx millions of transactions per day and up to 750 per second at peak times figures to both be used if possible.

Ruth - can you have a quick look please?

We don't refer to the specific cases Ms Smith mentions but I think this is ok as we can't get into the specifics of individual cases.

I imagine she will write again.

The 11000 figure does not seem right - there can't be that many independents in a network of 12000?
Or am I missing something?

Thanks, R

Michele Graves

***** Michele Graves
22/12/2009 13:14

To: Richard M Stephenson/e/POSTOFFICE@POSTOFFICE
cc: Ruth H Barker/e/POSTOFFICE@POSTOFFICE
Subject: Re: J Smith letter - redraft for approval

Hi Richard

Me again - sorry.

Are you in a position to let me have your final feedback - Alan would like the reply to go out before Christmas and it is the last day in the office for both Alan and I tomorrow.

Regards

Michele Graves
Executive Correspondence Manager
Executive Correspondence Team
Post Office Limited



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 fax **GRO**



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Hi Richard

Many thanks - yes I was aware of the reply to Michael Rudkin as I pretty much wrote most of it but just


Michele Graves
21/12/2009 13:50

To: Richard M Stephenson/e/POSTOFFICE@POSTOFFICE
cc: Ruth H Barker/e/POSTOFFICE@POSTOFFICE
Subject: Re: J Smith letter - redraft for approval

Hi Richard

Many thanks - yes I was aware of the reply to Michael Rudkin as I pretty much wrote most of it but just wasn't sure if it was suitable to use here.

I have made the suggested amends and added some comments in blue, to answer your own in red.

Re your amends on my first draft, page 2, the replacement para starting 'All new software' was already included in para 2 of the first page, so have removed and left at the start - I think it reads ok but fresh eyes and all that.

Many thanks again for all of your help - I know how busy you are.

If you could let me have final approval, I will pass to Alan for sign off.

Kindest regards,



ECT 377-09 Smith Jacqui MP v2.doc

Michele Graves
Executive Correspondence Manager
Executive Correspondence Team
Post Office Limited



1st Floor, Bunhill Row Wing, 148 Old Street, LONDON,
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Richard M Stephenson


Richard M Stephenson
21/12/2009 13:04

To: Michele Graves/e/POSTOFFICE@POSTOFFICE
cc: Ruth H Barker/e/POSTOFFICE@POSTOFFICE
Subject: J Smith letter

Michele - see attached. I am heading off to a meeting now but Ruth is around to chat. We have made some comments throughout the letter in caps. I have also sent you an email sent by Alan recently which has some useful lines. We have used one of them to replace a para in the letter. We need to be careful about paragraphs talking too much about the system failing so we have changed this. Have

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a look and see what you think. I do need to speak to Mary about this (I have already but need to review final letter with her) so can you revise this letter and send back to me? I am sure Mary will be



happy but we do need to double check with her. Thanks, R J Smith MP211209RS.doc

Richard Stephenson
Director of Commercial Public Relations
Royal Mail Group
100 Victoria Embankment
London
EC4Y 0HQ

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Email: GRO
www.royalmailgroup.com

T GRO
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Rt Hon Jacqui Smith MP
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21 December 2009

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Moving forward, as with any business we constantly look to how we can operate more cost effectively but at the same time update and improve our systems and processes. We are currently in the process of implementing a new version of Horizon, called Horizon Online™. The preparation for the roll out of new counter software is at an advanced stage and completion is expected to be by the end of April 2010. The new system has been designed with extensive input from subpostmasters and other users and will increase efficiencies and enhance the role of the subpostmaster.

Page 2 of 2

In 2010/11 alone, the new system will also save Post Office Limited £56m due to a newly negotiated contract.

The relationship between Post Office Limited and the 11,000 [IS THIS FIGURE CORRECT?] RICHARD: THIS WAS USED LAST WEEK BY THE WELSH EXT RELS TEAM SO I HAVE TAKEN AS CORRECT, I HAVE ASKED WHERE THEY GOT IT FROM BUT THEY CANNOT GET BACK UNTIL TOMORROW or so independent business people who operate a Post Office[®] service is of paramount importance to us and I fully agree that it is vital that our subpostmasters and mistresses are provided the highest level of support. I believe that the systems we have in place deliver this.

I trust the above information has allayed your concerns but should you have any further questions please do let me know.

Yours sincerely

**Alan Cook
Managing Director**

Richard M Stephenson

21/12/2009 13:04

To: Michele Graves/e/POSTOFFICE@POSTOFFICE
cc: Ruth H Barker/e/POSTOFFICE@POSTOFFICE
Subject: J Smith letter

Michele - see attached. I am heading off to a meeting now but Ruth is around to chat. We have made some comments throughout the letter in caps. I have also sent you an email sent by Alan recently which has some useful lines. We have used one of them to replace a para in the letter. We need to be careful about paragraphs talking too much about the system failing so we have changed this. Have a look and see what you think. I do need to speak to Mary about this (I have already but need to review final letter with her) so can you revise this letter and send back to me? I am sure Mary will be



happy but we do need to double check with her. Thanks, R J Smith MP211209RS.doc

Richard Stephenson
Director of Commercial Public Relations
Royal Mail Group
100 Victoria Embankment
London
EC4Y 0HQ

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Over the years the system has been tested both in and out of criminal and civil court and has not been found wanting. Whilst I recognise that some subpostmasters have found this difficult to accept, there is no evidence to doubt the integrity of the Horizon system and we retain absolute confidence in its' robustness and reliability.

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SYSTEM WILL INCREASE EFFICIENCIES AND ENHANCE THE ROLE OF THE SUBPOSTMASTER. In 2010/11 ALONE, THE NEW SYSTEM WILL ALSO SAVE POST

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Page 2 of 2

OFFICE LTD [this saving will be] £56m DUE TO A NEWLY NEGOTIATED CONTRACT.
The new system will also make it easier for users and has been designed with
extensive input from subpostmasters and other users.

[REMOVE PARAGRAPH As with the current system, the design ensures that
accounting integrity is ALWAYS maintained EVEN when A system failure occurs.
Significant amounts of testing effort are devoted to proving that not only does the
system fail in a way that enables integrity to be maintained but also to ensure that the
system alerts those responsible for its maintenance when a failure occurs.]

REPLACE WITH : All new software releases on Horizon are subject to rigorous testing
prior to going live in order to ensure the accuracy of the accounting processes. Our
ongoing monitoring and control processes mean that any issues in a 'live' operation
are quickly identified and resolved, and ensure that should part of the system or
equipment fail, the integrity of the accounting records is maintained.

The relationship between Post Office Limited and the 11,000 [IS THIS FIGURE
CORRECT?] or so independent business people who operate a Post Office® service is of
paramount importance to us and I fully agree that it is vital that our subpostmasters
and mistresses are provided the highest level of support. I believe that the systems we
have in place deliver this.

I trust the above information has allayed your concerns but should you have any
further questions, then please do let me know.

Yours sincerely

Alan Cook
Managing Director

POL00165911
POL00165911

POL-0161355



Richard M Stephenson
21/12/2009 12:58

To: Michele Graves/e/POSTOFFICE@POSTOFFICE
cc: Ruth H Barker/e/POSTOFFICE@POSTOFFICE
Subject: Fw: Michael Rudkin email - new draft for approval

Michele - see below for background info - and sending letter in another email now

----- Forwarded by Ruth H Barker/e/POSTOFFICE on 17/12/2009 18:14 -----

Alan Cook
06/11/2009 12:31

To: Hayley Powell/e/POSTOFFICE@POSTOFFICE
cc: Michele Graves/e/POSTOFFICE@POSTOFFICE, Paula
Vennells/e/POSTOFFICE@POSTOFFICE, Richard M
Stephenson/e/POSTOFFICE@POSTOFFICE, Ruth H
Barker/e/POSTOFFICE@POSTOFFICE, "Tracy Abberstein"
GRO

Subject: Re: Michael Rudkin email - new draft for approval

This is good - thank you

Tracy as I am on blackberry can you send from my email cabinet please

Thanks

Alan

Alan Cook
Managing Director
Post Office Ltd
Tel [REDACTED] GRO
Mob [REDACTED] GRO

[REDACTED] GRO [REDACTED]

Message sent via blackberry
Hayley Powell

----- Original Message -----

From: Hayley Powell
Sent: 06/11/2009 11:58 GMT
To: Alan Cook
Cc: Michele Graves; Paula Vennells; Richard Stephenson; Ruth Barker
Subject: Michael Rudkin email - new draft for approval

Hi Alan,

Thank you for your feedback. We have redrafted the email to ensure a more supportive tone and have included further detail to support our stance. Please do let me know if this is acceptable and if so, how you would like to send.

I apologise for the delay in getting this to you and very much appreciate your help with turning this around quickly as I know you are very busy.

Regards,
hayley

DRAFT RESPONSE TO MICHAEL RUDKIN - VERSION 2

[REDACTED] GRO [REDACTED]

Dear Michael

Thank you for your email of 15 October and for bringing to my attention the article in Convenience Store magazine and the meeting being held on Sunday 8 November in Fenny Compton. My apologies for the delay in reply.

We are aware of the recent interest being taken in the robustness of the Horizon system by some external parties. I am not sure exactly why this is as the system has been in place for around ten years, successfully recording millions of transactions each day, and has proved time and time again to be robust and fit for purpose.

Where concerns have been raised about Horizon or the computer equipment, they have been taken extremely seriously and have been thoroughly investigated. I recognise that some people may find it difficult to accept but no evidence has been found pointing to any fault with the system or technology.

All new software releases on Horizon are subject to rigorous testing prior to going live in order to ensure the accuracy of the accounting processes. Our ongoing monitoring and control processes mean that any issues in a 'live' operation are quickly identified and resolved, and ensure that should part of the system or equipment fail, the integrity of the accounting records is maintained.

In summary, we remain fully satisfied that the system and the processes around it offer a very high level of security and resilience. We are completely confident that the system is capable of handling the financial services transactions undertaken at our branches, and that it will continue to support any new services that we plan to introduce in the future.

Thank you for your support on this issue - it is much appreciated. I do hope that you feel you can now speak to your NFSP Branch and Region with confidence at Sunday's meeting.

Kind regards

Alan

Alan Cook

Alan Cook
06/11/2009 07:25

To: Paula Vennells/e/POSTOFFICE@POSTOFFICE, Ruth H Barker/e/POSTOFFICE@POSTOFFICE
cc: Hayley Fowell/e/POSTOFFICE@POSTOFFICE, Michele Graves/e/POSTOFFICE@POSTOFFICE, "Richard Stephenson"
[REDACTED] GRO
Subject: Re: Contracts [REDACTED]

Hayley/Michele

Now I see this it all comes back to me. we definitely owe him a fuller response than currently drafted. He is offering to help diffuse a tricky issue. We need to give him more if he is going to stand up and defend us

Also we cannot apologise for the delay due to me holiday - that was 2 weeks ago!
We seem to have left this until the last minute but clearly we now need to get this one done today
Alan

Alan Cook
Managing Director
Post Office Ltd
Tel [REDACTED] GRO
Mot [REDACTED]

[REDACTED] GRO

Message sent via blackberry
Paula Vennells

----- Original Message -----

From: Paula Vennells
Sent: 06/11/2009 06:27 GMT
To: Ruth Barker
Cc: Hayley Fowell; Michele Graves; Alan Cook
Subject: Re: Contracts

Ruth, the attachment needs to be in email format pls - Alan and I are out of the office and so need to view it on Blackberrys.

Also, we need the original email; what was attached looked more like a powerpoint of a press cutting.

Thx Paula
Ruth H Barker

----- Original Message -----

From: Ruth H Barker
Sent: 05/11/2009 17:52 GMT
To: Paula Vennells
Cc: Hayley Fowell
Subject: Fw: Contracts

Hi Paula

Hayley's asked me to forward you the original email from Michael Rudkin

Any questions please do not hesitate Hayley or myself.

Ruth

----- Forwarded by Mary Fagan/e/POSTOFFICE on 16/10/2009 15:41 -----

Alan Cook
15/10/2009 15:25
To: Mary Fagan/e/POSTOFFICE@POSTOFFICE
cc: ET, David X Smith/e/POSTOFFICE@POSTOFFICE, Mark
Burley/e/POSTOFFICE@POSTOFFICE
Subject: Fw: Contracts

Mary

I know you are busy right now but in Richards absence can you get someone to see what we can about this developing situation outlined below?

For some strange reason there is a steadily building nervousness about the accuracy of the Horizon system and the press are on it as well now

It is the more strange in that the system has been stable and reliable for many years now and there is absolutely no logical reason why these fears should now develop

My instincts tell that, in a recession, subbies with their hand in the till choose to blame the technology when they are found to be short of cash

Bizarrely the author of the email below was a very senior postmaster in the Fed who I know well but who's wife was found to be defrauding us and we have prosecuted

POL00165911
POL00165911

POL-0161355

We should therefore be careful of approaching him for further info without talking to Paula first

Not sure what we can do but I do see this as an escalating and serious challenge - particularly as a new version of Horizon is due to go live in February!!

Thanks

Alan

Alan Cook
Managing Director
Post Office Ltd

Tel: GRO Postline: GRO
Mobile: GRO Mobex: GRO
e-mail: GRO

— Forwarded by Alan Cook/e/POSTOFFICE on 15/10/2009 15:16 —



"Michael Rudkin"
GRO

To: "Alan Cook" GRO
cc:
Subject: Contracts

15/10/2009 13:57

Dear Alan

See attachment!!!

I presume you have already seen the article in the convenience store magazine.
My question to the business is;

... Is this article likely to have any impact on the contracts we already have with our existing banking partners. Will our prospects of becoming a Post Bank be delayed if our clients start to question Horizons abilities and is it fit for purpose for the foreseeable future?

The reason for my question is, a Horizon pressure group has formed and they are to meet on Sunday 8th November 09 at Fenny Compton Hall in the Midlands and I wish to keep a balanced view and present this to my NFSP Branch and Region before anyone attends this meeting. This should also minimize adverse publicity to our industry which is already receiving enough bad press at the moment. Currently the BBC, Panorama and Watch Dog researches are digging the dirt here in Leicestershire.

I hope my request is not an imposition on your time or deemed as impertinent.

Kind Regards
Michael Rudkin

Ibstock Post Office & Newsagents
118/120 High Street
Leicester LE67 6LJ
Tel: GRO
Mob: GRO
 GRO

[attachment "convenience store Hindocha.ppt" deleted by Paula Vennells/e/POSTOFFICE]

T	GRO
E	GRO

Rt Hon Jacqui Smith MP
House of Commons
LONDON
SW1A 0AA

Your Ref: 01090013
Our Ref: ECT 377/09

17 December 2009

Dear Ms Smith

Thank you for your letter of 1 December in relation to one of your constituents, Mr Julian Wilson and your concerns around the Horizon computer system. May I first apologise for the delay in reply.

Horizon is a computerised accounting system which operates in around 12,000 Post Office® branches, processing over 750 transactions per second at peak times. All new software releases are subject to rigorous before they go live in order to assure the accuracy of the accounting processes. The system and the processes around it offer an extremely high level of security and resilience and are designed to ensure that should part of the system or equipment fail, which all systems do from time to time, the integrity of the accounting records are maintained.

Over the years the system has been tested both in and out of criminal and civil court and has not been found wanting. Whilst I recognise that some subpostmasters have found this difficult to accept, there is no evidence to doubt the integrity of the Horizon system and we retain absolute confidence in its robustness and reliability.

Moving forward, as with any business we constantly look to how we can operate more cost effectively but at the same time update and improve our systems and processes. We are currently in the process of implementing a new version of Horizon, called Horizon OnLine. The preparation for the roll out of new counter software is at an advanced stage and completion is expected to be by the end of April, aside from a few offices that may be temporarily closed, for example for refurbishment work. The main benefit of the new system is a significant reduction in running costs compared to the old system under the previous contract with the supplier. In 2010/11 this saving will be £56m. The new system will also make it easier for users and has been designed with extensive input from subpostmasters and other users.

Page 2 of 2

As with the current system, the design ensures that accounting integrity is maintained when system failures occur. Significant amounts of testing effort are devoted to proving that not only does the system fail in a way that enables integrity to be maintained but also to ensure that the system alerts those responsible for its maintenance when a failure occurs.

The relationship between Post Office Limited and the 11,000 or so independent business people who operate a Post Office[®] service is of paramount importance to us and I fully agree that it is vital that our subpostmasters and mistresses are provided the highest level of support. I believe that the systems we have in place deliver this.

I trust the above information has allayed your concerns but should you have any further questions, then please do let me know.

Yours sincerely

Alan Cook
Managing Director